

Message Text

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44

ACTION ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 AID-20

EB-11 IGA-02 AGR-20 COME-00 TRSE-00 OMB-01 PM-07

NSC-10 SPC-03 SS-20 RSC-01 PA-04 PRS-01 CIAE-00

INR-10 NSAE-00 L-03 H-03 DRC-01 /138 W

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O 121300Z JAN 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 1929

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E.O. 11652: N/A

TAGS: EAID BL

SUBJ: PL 480 TITLE I FOR BOLIVIA

REF: STATE 5919

1. PRESIDENT BANZER CALLED ME TO HIS OFFICE ON JANUARY 11 TO
INQUIRE WHETHER EMBASSY HAD RECEIVED OFFICIAL REPLY FROM
WASHINGTON TO GOB REQUEST FOR PL-480 TITLE I PROGRAM. HE
ASKED ME TO MAKE EVERY EFFORT TO OBTAIN SUCH A REPLY IF IT
HAD NOT BEEN RECEIVED. I TOLD HIM THAT THIS VERY DAY WE
HAD RECEIVED THE DEFINITIVE ANSWER FROM WASHINGTON WHICH
UNFORTUNATELY WAS NEGATIVE. I TOLD HIM, IN ACCORDANCE WITH
STATE/AIDAC 5919, THAT NO FURTHER PL-480 TITLE I WHEAT
WILL BE POSSIBLE DURING FY 74. I TOLD HIM THAT FY 75
AVAILABILITIES AND ALLOCATION NOT YET DETERMINED BUT
SITUATION IS BLEAK. PRESIDENT BANZER WAS DISMAYED AT THE
NEWS WHICH HE CHARACTERIZED AS "VERY BAD." HE ASKED WHETHER
HE SHOULD DISPATCH THE MINISTER OF INDUSTRY AND COMMERCE TO
WASHINGTON ON AN EMERGENCY MISSION TO TRY TO SEEK
RECONSIDERATION OF WASHINGTON'S POSITION. I TOLD HIM THAT
SUCH A MISSION WOULD BE FRUITLESS BECAUSE THERE IS NO WHEAT
FOR PL-480 ALLOCATION IN THE NEXT FIVE MONTHS. THE
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PRESIDENT THEN INQUIRED WHAT BOLIVIA COULD DO UNDER THESE

CIRCUMSTANCES, GIVEN THAT ARGENTINA HAS NOT MET ITS COMMITMENTS TO DELIVER FLOUR FOR THE BOLIVIAN MARKET. I INDICATED THAT EXPORT CREDITS MAY BE AVAILABLE FROM

PRIVATE US BANKS AND/OR PRIVATE EXPORTERS FOR THE IMPORTATION OF WHEAT FOR BOLIVIAN CONSUMPTION. HE IMMEDIATELY TELEPHONED THE MINISTER OF INDUSTRY AND COMMERCE TO RELAY TO HIM WHAT HE CALLED THE "BAD NEWS" AND ASKED THE MINISTER TO UNDERTAKE IMMEDIATELY TO WORK OUT SOME ALTERNATIVE BASIS FOR ACQUISITION OF WHEAT.

2. WE WILL NOW DO WHAT WE CAN TO INTEREST US BANKS REPRESENTED HERE AND ALSO TO STIMULATE REPRESENTATIVES OF COMMODITIES CONCERN TO MAKE BEST POSSIBLE OFFERS TO GOB. IN THIS CONNECTION WASHINGTON HELP WITH MAJOR WHEAT SUPPLIERS WOULD BE WELCOMED. WE INTEND HAVE EARLY MEETING WITH MINISTRY OF INDUSTRY AND COMMERCE AND WILL REPORT RESULTS THOSE TALKS.

3. REFTELLSTATES THAT CCC CREDIT POLICY IS TO CONTINUE FINANCING UNDER EXISTING LINES OF CREDIT BUT NOT TO AUTHORIZE NEW LINES. I WOULD LIKE TO ASK FOR SPECIAL CONSIDERATION FOR BOLIVIA UNDER CCC SO AS TO GET THE BEST POSSIBLE TERMS FOR FINANCING OF BOLIVIA'S WHEAT IMPORT REQUIREMENTS. THE VOLUME OF WHEAT REAQUIRED TO MEET DEMAND FOR THE BALANCE OF THIS CALENDAR YEAR IS SUCH THAT THE ORDINARY COMMERCIAL TERMS WOULD PLACE AN EXTRAORDINARY BURDEN ON THE PRESENT FOREIGN EXCHANGE EARNING CAPACITY OF THIS ECONOMY. POLITICALLY, IT WOULD BE IN THE BEST INTERESTS OF THE US TO MOVE BY STAGES, IF THAT IS NECESSARY, AWAY FROM PL-480 TO STRAIGHT COMMERCIAL TRANSACTION BY PASSING THROUGH A CCC CREDIT ARRANGEMENT AT LEAST FOR THIS YEAR. I MIGHT NOTE THAT IN A RECENT MEETING WITH US BUSINESSMEN IN LA PAZ, MANY OF WHOM ARE LONG TIME RESIDENTS HERE, I WAS TOLD THAT THE PRESENT WHEAT SITUATION IS THE GRAVEST THAT THEY HAVE SEEN AND OUTWEIGHS, IN THEIR JUDGMENT, ON POLITICAL AND ECONOMIC TERMS, THE EXPULSION OF DR. VICTOR PAZ, HEAD OF THE MNR, FROM THE COUNTRY. I AM ESPECIALLY INTERESTED IN HAVING AS FORTHCOMING AS POSSIBLE A USG POLICY IN FACE OF THE CRITICAL SHORTAGE OF WHEAT AT THIS TIME IN BOLIVIA. A CCC CREDIT FOR BOLIVIA WOULD GO A LONG WAY TOWARD MEETING THOSE INTERESTS.

STEDMAN

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, SUPPLIES, EXPORTS, CREDIT, PL 480 TITLE 1, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LAPAZ00246
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740145/aaaabqvq.tel
Line Count: 107
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 5919
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by kelleyw0>; APPROVED <10-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PL 480 TITLE I FOR BOLIVIA
TAGS: EAID, BL, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005